

Understanding Your Telephone Bill

Reading your phone bill each month is important. It can show you exactly what you are getting for your money and help you prevent or identify fraud. This fact sheet explains charges you may see on your phone bill. Not all of these descriptions apply to cellular phone service. If you have questions about that bill, contact your cellular service provider.

The table below shows typical charges and fees. Some charges on your bill are required by law, while others are charged at the provider's discretion.

By having a better understanding of the charges on your bill, you can make more informed decisions.

Read your bill

It is important to read your telephone bill every month to make sure you have been charged correctly. If you have a question about a charge or think charges are incorrect, call the company responsible for the charges in question before they are due. Save copies of your bills and take careful notes of your discussions with the company. If the company does not address the matter to your satisfaction, contact the OUCC's consumer services staff.



Typical phone charges and fees

Local service

- Basic local service charge
- Subscriber line charge
- 911 emergency service
- Telephone relay charge
- Taxes
- Universal Service Fund
- Local Number Portability
- Charges for optional features such as call waiting and call forwarding

Long distance service

- Long distance charges
- Taxes
- Minimum usage charges
- Monthly calling plan fee
- Universal Service Fund
- Pay phone access fee
- Operator-assisted toll calls

Unregulated service

- Voice mail
- Internet access
- Inside wire maintenance plans
- Customer premises equipment, which may include phones purchased or rented from the telephone company

Understanding local charges

- Basic local service charge - For regulated local service providers, the Indiana Utility Regulatory Commission (IURC) approves this charge, which a consumer must pay to receive a dial tone. This charge will no longer be regulated in Indiana as of July 1, 2009.

- Subscriber line charge - Phone service providers can charge consumers this fee to recover part of the cost of providing interstate long distance access over local phone lines. Some companies refer to this charge as the federal access charge, interstate access charge, end user common line charge or consumer line charge.

- 911 emergency service - The law requires customers to pay a fee to support their local emergency telephone systems.

- Telephone relay charge - This mandatory fee helps provide telephone service to consumers with speech and hearing impairments. Some bills list this charge as the Indiana Telephone Relay Access Corporation (InTRAC) surcharge.

- Taxes:

- Federal excise tax appears on all phone bills. It is charged as a set percentage regardless of which telephone service provider you use. This tax will no longer apply to long distance charges after August 1, 2006 but will still be applied to other local service charges. The Internal Revenue Service (IRS) intends to refund the portion of excise tax applied to long distance charges between February 28, 2003 and August 1, 2006. Customers will receive refunds through their federal income tax return filings in spring 2007 and not from telephone companies. For details, visit www.irs.gov.

- State sales tax is 6 percent in Indiana and does not vary among companies.

Important notice

Your local phone company may bill for other companies that provide telecommunications service to your home or business. The local phone company is required to show these charges in a separate part of your bill, and it also must provide toll-free numbers for any other carrier whose charges are included on your local bill.



- **Universal Service Fund (USF)** - Federal law requires phone companies to contribute to this fund, which provides affordable telephone service to low-income and rural customers, as well as telecommunications services to eligible schools, libraries and more. Some companies include their USF obligations in their basic rates, some charge a flat fee and others charge a fee based on a percentage of the bill amount.
- **Local Number Portability (LNP)** - LNP enables a consumer to keep his or her phone number when switching to a new service provider but staying at the same location. To recover the costs of upgrading equipment to provide LNP, companies may assess fees to all consumers in an affected area.
- **Charges for optional features** - Optional services include call waiting, call forwarding, three-way calling and pay-per-use services such as automatic callback (*69). Monitor your bill to ensure you are paying for only the optional services you have ordered.

Understanding long distance charges

- **IntraLATA long distance charges** - May also be listed as “local toll” or “local long distance.” These charges cover calls made to numbers outside your free local calling area, but within a regional area known as the Local Access Transport Area (LATA).
- **InterLATA long distance charges** - These are charges for state-to-state calls, as well as calls to numbers that are in-state but outside of your regional area.
- **Taxes** - Long distance charges are subject to the same federal and state taxes as local charges.
- **Minimum usage charge** - Some long distance calling plans charge a minimum usage amount each month regardless of the cost of calls made. Not all long distance plans assess this charge.
- **Monthly calling plan fee** - Some long distance calling plans charge a monthly fee for a specified per minute rate during certain hours or days. This fee is assessed each month regardless of usage. Not all long distance plans assess this charge.
- **Universal Service Fund (USF)** - See the description of this fee under local service charges. USF charges may appear on both the local and long distance portions of your phone bill.



- Pay phone access fee - Federal law requires long distance companies to compensate pay phone companies for calling card, 10-10 dial-around and other types of calls made from pay phones. Long distance companies may include this cost in their monthly rates or charge a separate fee.
- Operator-assisted toll calls - Charges for collect calls, long distance information and other operator assistance will be added to your long distance bill.

Understanding unregulated phone service charges

The IURC does not regulate some phone services, such as inside wire maintenance plans, Internet access and voice mail. This may also include phone rental or purchase charges. If a phone rental charge appears on your bill, consider purchasing your own phone and returning the leased phone.

Unregulated services are still subject to slamming and cramming regulations (see the fact sheet on this topic for more information). If a phone company does not address your questions or concerns to your satisfaction, contact the IURC for assistance with your complaint.

The Indiana Office of Utility Consumer Counselor (OUCC) is the state agency representing the interests of utility consumers and the general public in matters related to the provision of utility services. The OUCC is active in proceedings before regulatory and legal bodies and is committed to giving consumers a voice in the creation of utility service policy.

OpenLines publications are produced by the OUCC to educate consumers on their rights and responsibilities regarding utility services. Fact sheets on many telecommunications and other utility topics are available free of charge. All OpenLines publications, including a comprehensive telecommunications consumer handbook, are available on the OUCC Web site or by calling the OUCC Consumer Services Staff.



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